

Message Text

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PAGE 01 BONN 02985 211649Z

44

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 /083 W

----- 130765

R 211647Z FEB 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8176

INFO AMEMBASSY LONDON

USMISSION OECD PARIS

AMEMBASSY MOSCOW

USMISSION EC BRUSSELS

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DEPARTMENT PASS TREASURY AND EXIM BANK

E.O. 11652, N/A

TAGS: EFIN, GE

SUBJECT: FRG REACTION TO BRITISH CREDIT TO THE
SOVIET UNION

1. FRG ECONOMICS MINISTRY OFFICIAL TOLD US TODAY THAT HE UNDERSTOOD THE CONDITIONS OF THE RECENTLY ANNOUNCED BRITISH CREDIT TO RUSSIA TO BE AS FOLLOWS: MAXIMUM LENGTH OF CREDIT 8 1/2 YEARS, INTEREST RATE OF 7.35 PERCENT FOR THOSE EXPORT ORDERS UNDER 30 MILLION BRITISH POUNDS AND DOWN TO 7.00 PERCENT FOR THOSE OVER THIS AMOUNT. HE SAID THIS LATTER INTEREST RATE WAS NOT AUTOMATIC FOR ALL CREDITS OVER THE 30 MILLION LEVEL BUT WOULD BE SET BETWEEN 7.00 AND 7.35 ON A CASE BY CASE BASIS. BOTH THIS OFFICIAL AND ONE FROM THE FINANCE MINISTRY SAID THAT THEY APPRECIATED ENGLAND'S POSITION, PARTICULARLY IN LIGHT OF THE NATION'S CURRENT ECONOMIC
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SITUATION, IN GRANTING THIS CREDIT BUT SAW IT AS A

POTENTIALLY IMMENSE FINANCIAL BURDEN ON THE COUNTRY.
THEY SAID THAT WHILE THEY FEARED OTHER NATIONS MIGHT BE
LIKEWISE TEMPTED TO OFFER SUCH CONCESSIONARY CREDITS TO
THE SOVIET UNION IN AN EFFORT TO BOOST EXPORTS, THE
BRITISH THEMSELVES WERE MOTIVATED BY A DESIRE SIMPLY TO
MATCH THE ARRANGEMENTS THE FRENCH HAD OFFERED THE
RUSSIANS. BOTH SAID THAT THE BRITISH CREDIT WOULD HAVE
LITTLE EFFECT ON THE GERMAN EXPORT TRADE TO THE SOVIET
UNION.
HILLENBRAND

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Disposition History: n/a
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